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Donna Nickerson
Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
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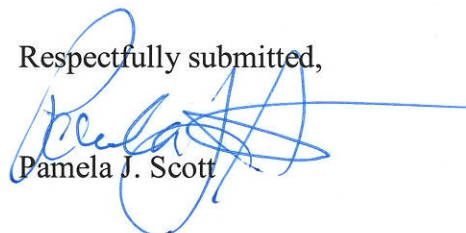
Re: Docket No. 16-0650 – Application of Delmarva Power & Light Company for an Increase in Gas Base Rates – Response to Request for Supplemental Information

Dear Ms. Nickerson:

In response to DE PSC Staff's recent request regarding the above referenced docket, attached is the supplemental information being provided by Delmarva Power pertaining to the Minimum Filing Requirements.

Should you have any questions, please contact Heather Hall at (302) 451-5323 or me at 302-429-3143.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Pamela J. Scott", with a long horizontal flourish extending to the right.

Pamela J. Scott

Attachments

PSC Docket No. 16-0650
Company Responses to Minimum Filing Requirements Review

4.0 Rate Base

4.6 Unrefunded Customer Advances and/or Contributions in Aid of Construction

4.6.1 Provide a schedule showing the actual amounts at the beginning and end of the test year and test period. **Provide beginning amounts**

Response: This information was provided in the filing. Please see Minimum Filing Requirements Schedule 2C, Page 2 of 2 for this information.

4.8 Accumulated Depreciation of Customer Advances and Contributions in Aid of Construction

4.8.1 Provide a statement which describes the accounting procedures used to segregate depreciation reserves between investor provided and contributed property. **Provide statement containing this information**

Response: Please see attached.

4.8.2 Provide a Schedule showing the actual amounts at the beginning and end of the test year and test period. **Provide schedule containing this information**

Response: Please see attached.

4.8.3 If estimated amounts are included, explain the basis of such estimates. **Provide basis for estimates**

Response: Please see attached.

5.0 Net Operating Income

5.2 Revenues

5.2.5 If test period volumes of sales or tariff units are based on an estimate or forecast, provide a full and complete explanation of the basis and assumptions underlying such forecast, including weather assumptions and any price elasticity effects.

Response: All sales volumes or tariff units are based on actual billing system data. A brief narrative of weather normalization methodology follows:

Weather normalized sales are calculated for each month by adding a weather

normalization adjustment to actual sales. The weather normalization adjustment is calculated by multiplying that month's deviation from normal weather by a weather normalization factor specific to that rate and revenue class. Normal weather is defined as the average weather (heating degree days or cooling degree days) over a specified number of years. For example, if the observed weather during the month is 125 heating degree days and the normal for the month is 100 heating degree days, then the difference of 25 heating degree days will be multiplied times the class weather normalization factors for the different classes to yield the class weather normalization adjustments.

The Company re-estimates weather normalization factors at the beginning of each budget year using the Pepco heritage approach. This approach is applied in each PHI jurisdiction providing a consistent approach to factor estimation and ultimately weather normalized sales. Maintaining a single method across years is also the only meaningful way to compare weather normalized sales across time. The heritage approach involves estimating regression equations for each rate class using linear regressions of daily data on estimated sales and weather from the most recent heating or cooling season. The independent variables in the equations are either heating or cooling degrees, depending upon whether the equation is for the heating or cooling season. A constant and a first order autoregressive term is included, along with categorical variables for Saturdays, Sundays and legal holidays.

The weather normalization adjustment follows the procedures established in previous cases as well as being outlined in Company Witness Santacecilia's Direct Testimony.

Please see the electronic work papers submitted as response to 5.2.6 which shows the revenue adjustments as outlined in Schedule (MCS)-3 and shows the billing determinants and tariff rates used to calculate each revenue adjustment.

- 5.2.6 Adjustments to test period revenues should be fully detailed and explained including all mathematical calculations related thereto. This information should follow Schedule 3A with appropriate adjustments referenced to the amounts shown on Schedule 3A.

Response: Please see attached.